# GOVERNMENT OF INDIA
# FINANCE AND COMPANY AFFAIRS
# LOK SABHA

STARRED QUESTION NO:244
ANSWERED ON:07.03.2003
INDIAN PROJECTS ABROAD
TUFANI SAROJ

**Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:**

(a) whether the Government have decided to provide financial assistance in foreign currency to the Indian projects undertaken in other countries;

(b) if so, the details thereof, country wise;

(c) whether the Government have laid down any norms in this regard; and

(d) if so, the details thereof ?

## Answer

Minister of Finance and Company Affairs ( Shri Jaswant Singh )

(a) : No, Sir, it is the Exim Bank, and not the Government that provides financial assistance in foreign currency to projects undertaken in foreign countries.

(b) : Statement No.1 containing country-wise break-up for sanctions by Exim Bank,during April 2002 - December 2002 in foreign currency, is placed on the Table of the House.

(c) & (d) : It is the RBI that lay norms for Project Export Contracts. A summary of these norms as per Statement No.2, is placed on the Table of the House.

Statement No. 2 referred to in reply to parts (c) & (d) of the Lok Sabha Starred Question no 244 replied on 7th March, 2003.

Brief Summary of the Norms for Project Export Contracts

- All project export contract need approval under Working Group mechanism.
- Working Group comprises representatives of Exim Bank, Reserve Bank of India, Ministry of Finance, Ministry of External Affairs, Export Credit Guarantee Corporation of India Ltd. and Commercial Banks.
- 5% to 10% of contract value to be received by way of advance payment and for the balance deferred credit can be offered.
- Period of credit depends on the value of contract and raising finance on matching terms.
- Net foreign exchange outgo not to exceed 25% of the contract value.
- Rate of interest on the deferred credit being offered to overseas buyer should cover fully the cost to the Indian exporter for credit to be availed from banks, so that overall profitability is protected.
- Security for deferred credit by way of letter of credit or guarantee from a bank in the country of imports or third country as acceptable, in case the overseas buyer is a private entity and government guarantee or promissory notes, if the overseas buyer is owned by the government.
- Externalisation certificate from central banks for prompt release of foreign exchange.
- L/C-cum-overseas borrowing not to exceed 25% of the contract value.
- As laid down by Reserve Bank of India in Memorandum PEM which forms part of Foreign Exchange Management Act.

Statement No. 1. referred toin reply to part (b) of the Lok Sabha Starred Question no 244 replied on 7th March, 2003.

country -wise break-up for sanctions during April 2002-December 2002 in foreign Currency.

| sr.No. | Country/Region | Project | Amount in Rs. Crores (qui) |
|---|---|---|---|
| 1. | Algeria | Transmission | 9.70 |

| | | | |
|---|---|---|---|
| 2. | Australia | Agri product | 1.00 |
| 3. | Belgium | Alloy Wheels | 3.00 |
| 4. | Brazil | transmission Lines | 21.90 |
| 5. | China | Chemicals | 9.79 |
| 6. | Dominican Ropublic | Vehicles | 50.07 |
| 7 | East Timor | Pharmaceuticals | 4.50 |
| 8. | Eastern & Southern Afric | Line of Credit | 48.50 |
| 9. | Egypt | Autoparts, pipe | 33.44 |
| 10. | Ghana | Telecom | 62.09 |
| | Submerged Welded Arc Pipe pipeline,Gas transmission | | |
| 11. | Indonesia | | 56.47 |
| 12. | Iraq | Minerals,gas cylinder | 32.90 |
| 13. | Kuwait | Refinery | 20.90 |
| 14. | Mauritius | construction of cyber towers Aircralt/ Hellcopter | 84.47 |
| 15. | Mozambbique | Machinery of brewery | 13.34 |
| 16. | Nepal | Cold rolledsteel sheets & coils | 19.36 |
| 17. | Oman | Transmission | 12.26 |
| 18. | Qatar | Pipeline | 5.44 |
| 19. | Romania | Line of Credit | 48.88 |
| 20. | Russia | Line of Credit | 121.66 |
| 21. | Saudi Arabia | Telecom | 4.35 |
| 22. | Seychelies | Line of Credit | 24.17 |
| 23. | Singapore | Chemical | 9.70 |
| 24. | South Africa | Vehicles | 14.51 |
| 25. | South Korea | Heat Exchangers | 3.88 |
| 26. | Sri Lanka | Pharmaceuticals | 0.82 |
| 27. | Tanzania | Railway, power | 63.67 |
| 28. | Tunisia | transmission Lines | 24.17 |
| 29. | Turkey | Textile machinery | 3.65 |
| 30. | UAE | Agri Products metalballs | 96.04 |
| 31. | Uganda | Transmission Lines | 1.61 |
| 32. | UK | Agri products | 23.98 |
| 33. | USA | Furnishings | 4.86 |
| 34. | Zambia | Sugar machinery | 12.26 |

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